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RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY  
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RUEHBJ/AMEMBASSY BEIJING PRIORITY  
RUEHBY/AMEMBASSY CANBERRA PRIORITY  
RUEHNE/AMEMBASSY NEW DELHI PRIORITY  
RUEHNY/AMEMBASSY OSLO PRIORITY  
RUEHOT/AMEMBASSY OTTAWA PRIORITY  
RUEHUL/AMEMBASSY SEOUL PRIORITY  
RUEHKO/AMEMBASSY TOKYO PRIORITY  
RUEHWL/AMEMBASSY WELLINGTON PRIORITY  
RUEADRO/HQ ICE DRO WASHINGTON DC PRIORITY  
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY  
RHMFISS/HOMELAND SECURITY CENTER WASHDC PRIORITY  
RUEAWJA/DEPT OF JUSTICE WASHDC PRIORITY  
RHEFHLC/DEPT OF HOMELAND SECURITY WASHINGTON DC PRIORITY  
RUEAORC/US CUSTOMS AND BORDER PROTECTION WASHINGTON DC PRIORITY  
RHMFISS/FBI WASHINGTON DC PRIORITY  
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RUEAIIA/CIA WASHINGTON DC PRIORITY  
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C O N F I D E N T I A L USEU BRUSSELS 000814

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STATE FOR EAP/MLS, DRL/MLGA, IO AND EUR/ERA  
NSC FOR ELIZABETH PHU  
TREASURY FOR OFAC AND TFFC

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UK, IT, SW, NL  
SUBJECT: EU/BURMA SANCTIONS: HOW U.S. CAN HELP

REF: A. 2007 STATE 137644  
[1](#)B. 2007 STATE 155019  
[1](#)C. 2007 STATE 164893  
[1](#)D. EMAIL 4/3/08 COPE-SNYDER ET AL "OFAC PAPER ON  
BURMA SANCTIONS"  
[1](#)E. 2008 STATE 83719  
[1](#)F. 2008 STATE 125635  
[1](#)G. RANGOON 120  
[1](#)H. RANGOON 96

Classified By: USEU Econ Minister-Counselor Peter H. Chase for reasons  
1.4 (b) and (d).

[1](#)1. (U) Action Request: Please see paragraphs 6 and 12.

[1](#)2. (C//NF) SUMMARY: EU ministers will discuss options for the EU Burma sanctions policy at the June 15 GAERC. No final decision is expected before a verdict is issued in the current Aung San Suu Kyi (ASSK) trial. Bank designations are still possible, but the majority of EU Member States (EUMS) are not forward-leaning. The UK believes the USG can assist with "gentle, careful" discussions with key hold-outs: France, Germany, Italy, the Netherlands, and Sweden. Post recommends Washington phone calls to these countries' respective foreign ministry Asia Directors in advance of the GAERC to encourage a robust response, bringing the EU closer to the U.S. approach. The USG should also consider sharing information with the EU on ASSK's comments to us in support of sanctions. EUMS and institutions have cautiously expressed interest in meeting with U.S. sanctions experts to better understand technical implementation mechanics. END SUMMARY.

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GAERC: COASI Keeps "All Options on the Table"  
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13. (C//NF) A UK contact (please protect) provided a read-out of the June 10 Council Working Party on Asia (COASI) discussion. Following a major push by the UK, COASI agreed to keep all options on the table for ministerial discussion June 15. Despite "lots of reluctance" to expand sanctions measures, there is general EU recognition of the "need for a robust response, probably including relatively small further measures," in the event of a verdict against ASSK. "If there is a verdict, the EU will want to respond the same day." Assuming the verdict is not issued before Monday's GAERC, there should be time to lay the proper technical groundwork for a final decision. Capitals will circulate feedback on the joint Commission-Council General Secretariat options paper -- which drew heavily from previously provided U.S. demarches and nonpapers on possible technical improvements to the EU Burma sanctions program (Refs A-F) -- via COREU (internal EU communications network) in advance of the GAERC. Absent a verdict, the EU will most likely remain in a holding pattern.

14. (C) Likely additional measures would include the U.S. ideas concerning retargeting the existing EU sanctions annexes and adding certain new individuals. A small minority, led by the UK, would favor listing the three foreign exchange banks with carve-outs for humanitarian activities, as advocated by the USG (Reftels). The Commission and UK expressed concerns to USEU regarding the technical plausibility of restricting correspondent banking relationships, even in the event of designation of the three banks. UK contacts in Brussels are under the impression that restricting the correspondent relationships would be less important than the bank designations themselves. (COMMENT: USEU countered that this is in fact an important facet, but the point may need to be explained further by U.S. sanctions enforcement experts once the EU decides to move forward. USEU offered to reach out again to U.S. sanctions experts to further explain the mechanics of how this works in the U.S. system. END COMMENT.)

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Politics: How U.S. Can Help Persuade EU  
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15. (C) EUMS are "instinctively" not in favor of additional sanctions. Those most forceful in speaking out against designating the foreign exchange banks at the June 10 COASI meeting were France, Germany, Italy, the Netherlands, and to a lesser extent Sweden. Italy claimed that their objection to further sanctions is in deference to the "UN context," claiming Ban Ki Moon does not want additional sanctions measures.

16. (C//NF) A UK negotiator (strictly protect) requested, "It could be helpful if the U.S. were to push these countries regarding the financial sanctions options." He asked that we especially "straighten out the Italians" regarding our understanding of what UN officials privately believe could be helpful on the sanctions front. The U.S. need not "overdo it" with a massive or heavy outreach, nor target the full GAERC in advance of the June 10 meeting. But a few "gentle, careful" conversations would be useful. Our contact recommends that such conversations should explain what the USG is considering in reaction to the trial and encourage that the EU and U.S. remain in step with each other. The UK appreciates the State and Treasury outreach in recent days to the Commission, who have been unusually constructive on the issue lately as a result. Continuing to "stroke" these officials will reinforce the hand of those who seek alignment of U.S. and EU policies and believe sanctions are an important potential foreign policy tool.

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Technicalities: How U.S. Sanctions Experts Can Help  
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¶7. (SBU) Following a GAERC political decision, the issue will be returned to COASI to begin ironing out the technical details for necessary changes to implementing legislation. EU External Relations counselors (RELEX) will negotiate the final implementing legislation, who in turn will send a consensus text to COREPER II for approval and final agreement again by the GAERC. (NOTE: This process can take three or four weeks, and may be approved by silence procedure in the absence of a formal Council meeting. END NOTE.)

¶8. (C) Following up on long-standing, sensitive discussions over how the U.S. and EU can better exchange technical sanctions expertise, USEU offered to the Commission, the Council Secretariat, and the UK that we would seek a visit to E Brussels by U.S. sanctions experts to meet with any appropriate body working through the technical details. All interlocutors appreciated this offer and promised to consider whether this would be useful. The UK expressed a reservation that such an exercise "might slow down" the momentum toward EU consensus. (NOTE: In a recent similar exercise for Trasury and the EU on Iran sanctions, some worried that a U.S. intervention would be used to stall by sanctions-skeptic EU capitals wanting to further "study" the U.S. position. END NOTE.)

¶9. (C) COMMENT: Few EUMS have large human resources dedicated to sanctions policy-making or implementation; the Commission has just two full-time staff. Working level experts recognize the limitations of effective sanctions implementation and policy-making given this lack of resources. EU political hierarchies do not share an understanding of how this impedes one of the few effective non-military foreign policy tools.

¶10. (C) Pervasive EU sensitivities have prevented direct U.S. access to political discussions over EU sanctions decision-making through the relevant working groups. However, there seems to be growing willingness to sacrifice a degree of EU separation from the U.S. on sanctions policy in exchange for learning from our well established sanctions enforcement experts. Certain German Foreign Ministry sanctions officials said they could probably speak in support of such an exchange if the USG were to secure buy-in from the UK, France, and incoming EU Presidency Sweden, despite opposition from the German trade and finance ministries. END COMMENT.

¶11. (C//NF) An indication of potential technical sticking points for EU sanctions experts is the questions the Commission Burma desk asked State and Treasury OFAC officials via a backchannel conference call on June 9. Head of Unit for Southeast Asia Seamus Gillespie is concerned about finding a solid legal basis for EU action in order to avoid the EC court annulling a decision for insufficient grounds. The Commission lacks expertise in how correspondent banking relationships can be addressed and the mechanics of blocking property or transactions. The Commission is curious how third parties, such as Singapore and China, can be engaged; how the informal banking (hawala) system factors in; how the EU could allow humanitarian aid and bonafide exports from SMEs or non-designated Burmese entities whose products are not banned under EU law (NOTE: In 2007, Burmese exports to the EU totaled EUR 400 million. END NOTE.); how the mechanics and timing work for the OFAC response hotline; how to monitor compliance with the banks; and the state of play for renewing the 2008 Lantos Act, which the Commission finds "interesting" and muses it "would be nice if there were more of an international coalition" on the gemstones measures to certify the supply chain with a burden of proof on the importer. The latter "would take time and international pressure" to come into fruition, the Commission expects. (NOTE: One of the two full-time Commission sanctions officers is dedicated to fulfilling the EC's duties in the Kimberley Process. END NOTE.)

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Action Request: USEU Recommendation

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¶12. (C) Post believes it could be useful for appropriate State or NSC officials to place a phone call to Foreign Ministry Asia Directors from France, Germany, Italy, Netherlands, and Sweden, as well as to EU Burma Special Envoy Piero Fassino, in advance of the June 15 GAERC meeting to explain the direction of U.S. Burma policy in light of current events, our likelihood of maintaining existing U.S. sanctions measures, and our continued support for the EU adopting similar measures to our own. This could help the GAERC outcome to be as forward-leaning as possible, and lay political groundwork following emerging events in Burma. Following the GAERC, post recommends the USG consider sharing information with key EUMS and officials, if not all EU-27, regarding the desire of ASSK and the NLD for the international community to continue ratcheting up the sanctions pressure on the regime. We do not believe EU interlocutors are entirely aware of ASSK's wishes in this regard, which have typically been relayed to us privately (e.g., Refs G, H). Longer term, when a new U.S. Special Envoy for Burma is appointed, we recommend early consultations with Fassino and key EU interlocutors. We should also identify experts to discuss gemstones with UK and Commission officials, who are keenly interested in exploring options to multilateralize the 2008 Lantos JADE Act. END ACTION REQUEST.

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